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FM THE SITUATION ROOM//TOHAK 84// ON-FILE NSC RELEASE INSTRUCTIONS APPLY
TO GOMPERT FOR THE SECRETARY
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T O P S E C R E T SENSITIVE EXCLUSIVELY EYES ONLY CONTAINS CODEWORD
VIA BLACK PATCH WH42568

TOHAK 84

AUGUST 31, 1974

MEMORANDUM FOR SECRETARY KISSINGER
FROM: THE SITUATION ROOM
SUBJECT: NOON NOTES

GREEKS ASK FOR REVIEW OF AGREEMENTS ON NATO BASES; AP REPORTS THE GREEK GOVERNMENT TODAY HAS DEMANDED FULL SOVEREIGNTY OVER ITS LAND, SEA, AND AIRSPACE IN LETTERS TO ALL NATO MEMBERS.

25X1

MORE SCANDAL IN GERMANY: WEST GERMAN CHANCELLOR SCHMIDT'S CHIEF PARLIAMENTARY WHIP, KARL WIENAND, STEPPED DOWN YESTERDAY PENDING THE OUTCOME OF INVESTIGATIONS INTO CHARGES AGAINST HIM OF TAX EVASION AND PERJURY.

WEST GERMANS TO LIMIT FOREIGN EXCHANGE HOLDINGS: IN THE WAKE OF FOUR RECENT BANK FAILURES, THE WEST GERMAN FEDERAL BANK SUPERVISORY AUTHORITY ANNOUNCED YESTERDAY IT WILL LIMIT THE FOREIGN EXCHAGE HOLDINGS OF A BANK TO THIRTY PERCENT OF ITS LIABILITIES. IT IS HOPED THIS MOVE WILL AVOID THE OVEREXTENSION IN FOREIGN MONEY MARKETS THAT CAUSES SUCH COLLAPSES. DISCUSSIONS ARE UNDERWAY ON THE ESTABLISHMENT OF A NEW BANK TO AID CREDIT INSTITUTIONS FACING SHORTAGES OF FUNDS. 25X1
PRIVATE BANKERS AND GOVERNMENT OFFICIALS ARE OPTIMISTIC SUCH A BANK WILL DISPEL SOME OF THE UNCERTAINTY IN WEST GERMAN BANKING.

ICELAND TO CLAIM 200-MILE FISHING LIMIT: THE HALLGRIMSSON GOVERNMENT'S PLANS TO EXTEND ICELAND'S FISHING LIMIT TO 200 MILES NEXT YEAR SEEM CERTAIN TO REVIVE THE COD WAR. THE GOVERNMENT'S MOVES WILL BE POPULAR DOMESTICALLY, ALTHOUGH REYKJAVIK WILL NOT BE ABLE TO ENFORCE RESTRICTIONS OVER SUCH AN EXPANDED AREA UNLESS IT OBTAINS MORE SHIPS AND AIRCRAFT. THE UK, WEST GERMANY, NORWAY, AND DENMARK WILL PROBABLY PROTEST.

PEKING INCREASING PETROLEUM SALES: CHINA WILL EXPORT AT LEAST FOUR MILLION TONS OF CRUDE OIL THIS YEAR, AND PEKING HAS SUGGESTED THAT

DOS Review Completed.

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MUCH LARGER AMOUNTS WILL BE AVAILABLE DURING THE REMAINDER OF THE DECADE. BY 1980, CRUDE OIL EXPORTS PROBABLY WILL RISE TO 50 MILLION TONS A YEAR. TO MEET THE INCREASE, PEKING IS CONSTRUCTING NEW OIL-HANDLING FACILITIES AT PORTS IN NORTH CHINA AND PURCHASING DREDGING EQUIPMENT TO MAKE CHINESE PORTS DEEP ENOUGH FOR LARGE TANKERS. CHINA IS ALSO ACTIVELY ENGAGED IN ACQUIRING TANKERS OF OVER 50,000 DEADWEIGHT TONS TO TRANSPORT CRUDE OIL FOR EXPORT. OVER THE NEXT FEW YEARS, RAPIDLY INCREASING OIL SUPPLIES WILL BE A MAJOR FACTOR IN MODERNIZING THE CHINESE ECONOMY. ASIDE FROM FUELING THE GROWING DEFENSE ESTABLISHMENT, EXTRA OIL SUPPLIES ARE BEING USED TO: DEVELOP THE PETROCHEMICAL INDUSTRY; SUPPLY EXPANDING CIVIL AIR, MERCHANT MARINE ,AND TRUCK TRANSPORTATION SERVICES; INCREASE THE SUPPLY OF FUELS FOR IRRIGATION AND FARM MACHINERY; AND GENERATE ELECTRIC POWER. GROWING OIL EXPORTS WILL ALSO HELP FINANCE CHINA'S LARGE WHEAT IMPORTS AND MULTIBILLION-DOLLAR INDUSTRIAL PLANT PURCHASES. IN THE NEXT FEW YEAR'S, OIL EXPORTS COULD PROVIDE HALF A BILLION DOLLARS ANNUALLY.

LON NON'S POSSIBLE RETURN TO PHNOM PENH: PHNOM PENH IS AGAIN ABUZZ WITH RUMORS OF THE IMMINENT RETURN OF LON NON, WHO LAST MONTH DECLINED AN APPOINTMENT TO THE CAMBODIAN EMBASSY IN PARIS. HE IS NOW ALLEGED TO HAVEREFUSED LON NOL'S REQUEST THAT HE SERVE ON HIS GOVERNMENT'S DELEGATION TO THE UN. CAMBODIAN OFFICIALS WHO HAVE TALKED WITH LON NON IN PARIS RECENTLY ARE EXPECTING HIM BACK IN PHNOM PENH EARLY NEXT MONTH.

SOVIET RELIEF AID TO BANGLADESH LESS THAN EXPECTED: SOVIET AID TO BANGLADESH FOR FLOOD RELIEF THIS YEAR IS ABOUT EQUAL TO THAT PROVIED DURING THE FOOD SHORTAGES IN 1972, BUT EVIDENTLY IS LESS THAN DACCA EXPECTED. EMBASSY DACCA REPORTS THE SOVIETS HAVE AGREED TO PROVIDE WHEAT, EMERGENCY DRYGOODS, MEDICINES, AND EQUIPMENT. THE VALUE FOF THIS AID IS ABOUT ONE TO TWO PERCENT OF THE ESTIMATED $35 TO $40 MILLION IN EMERGENCY AID THAT BANGLADESH HAS BEEN PROMISED FROM ALL SOURCES TO ALLEVIATE THE IMPACT OF THE FLOOD. SEVERAL RECENT REPORTS INDICAE PRIME MINISTER MUJIBUR RAHMAN IS IS UPSET ABOUT THE LEVEL OF MOSCOW'S RELIEF EFFORT AND HAS -- AT LEAST FOR THE PRESENT -- REDUCED HIS CONTACT WITH THE TWO PRINCIPAL PRO-SOVIET MEMBERS OF HIS CABINET.

BANZER ACTS TO RESTORE POLITICAL BASE: BOLIVIAN PRESIDENT HUGO BANZER'S THREAT TO RESIGN LAST NIGH APPARENTLY WAS CALCULATED TO SHORE UP HIS SUPPORT AMONG THE MILITARY AND THWART A POSSIBLE CHALLENGE FROM CIVILIAN POLITICIANS. THE PRESIDENT PUT HIS RESIGNATION BEFORE THE ARMED FORCES AFTER LEARNING THAT THE CIVILIANS WERE FORMING A UNITED FRONT TO RUN IN THE ELECTIONS BANZER HAS PROMISED TO HOLD IN OCTOBER 1975.

CHILE TIGHTENS SECURITY: CHILE'S MILITARY GOVERNMENT, CONCERNED THAT LEFTISTS MAY RESORT TO VIOLENCE ON THE ANNIVERSARY OF ALLENDE'S

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OVERTHROW (SEPTEMBER 11), HAS TIGHTENED SECURITY. NATIONWIDE POLICE SWEEPS AND MASS ARRESTS, AIMED IN PART AT FERRETING OUT LEFTISTS, BEGAN IN MID-JULY AND ARE LIKELY TO BE STEPPED UP AS THE ANNIVERSARY APPROACHES. THERE HAS BEEN MUCH SPECULATION IN CHILE THAT THE FIRST ANNIVERSARY OF MILITARY RULE MAY FEATURE SOME ANNOUNCEMENTS ON SECURITY MEASURES AND HUMAN RIGHTS.
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